

MULTIPLE MONETARY SYSTEM:

THE EFFECT OF SEASONAL VARIATION ON THE DEMAND FOR MONEY BASED ON THE SOYBEAN PRODUCTION IN MANCHURIA BETWEEN 1916 AND 1928

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The aim of this thesis is to deepen the discussion about the events in Manchuria in the period between 1916 and 1928 by examining the effects of seasonal variation on the demand for money based on the production and commercialization of soybeans. It is believed that the relationship between the seasonality of demand for money and the production and commercialization of soybeans did not result only in periods of high or low demand for money, but also influenced in different aspects the economy of Manchuria. The analysis is conducted based on statistics published by the South Manchuria Railway Company, such as currency issuance and the variation of the exchange rate of the major currencies in circulation among foreign and Chinese currencies.

In general, the smaller denomination currencies were more required in three periods: the post-harvest, between September and October; the beginning of the year, between January and February; and, to a lesser extent, during the months of May and June, due to the sale contract. The regional Chinese currencies of larger denominations were demanded mainly in the post-harvest, from October until around January. The main foreign currency in circulation (which was of Japanese origin) followed a similar trend on the demand for money as the regional Chinese currencies' trend, with the highest period in December and January.

Through the thesis-analysis it is possible to verify certain seasonal trends in the circulation of different currencies in the region. These trends indicate that each currency in circulation had its own seasonal demand following the seasonality of production and marketing of soybeans. In each stage of production and marketing of soybeans specific currencies were required more than others.

In addition, due to the influence of the seasonal variation of soybean production, there was a parallel movement of temporary workers from neighboring regions seeking work to their homes in Manchuria. Thousands of these workers came during spring season and thousands returned to their homes at the end of the year bringing back the money they had saved during the months of work. It is also this seasonal movement of workers returning to their home provinces and the workers who remained in Manchuria that influenced the demand for money.

So far, we have an idea of how the monetary system was like in Manchuria with a variety of currencies in circulation. The period in which this monetary system

prevailed, during the 1910s and 1920s, it also brings particular elements that influenced the multiple monetary system in Manchuria. This period, also known as the warlord period, was under the command of Zhāng Zuòlín 張作霖, civil and military governor of the Three Eastern Provinces 東三省, which included Hēilóngjiāng, Jílín, and Fèngtiān. Some of the main characteristics of the warlord were to maintain the command of an independent army from the central government's army. To maintain this army, Zhāng Zuòlín used the key aspects related to local production and export of soybeans, such as collecting taxes and issuing currencies.

In this sense, it is clear that, following different periods of seasonality on the demand for different currencies, the provincial government issued money in the region in order to obtain some profit. This profit was not only related to the purchase and sale of soybeans, but also related to the economic activity in the region. The arrival of workers from neighboring regions filled the lack of manpower, and also stimulated consumption and increased tax payment to the provincial government.

The thesis has accomplished the following findings. The first finding suggests that the movement of different currencies in the region followed a specific seasonal trend in periods of post-harvest and pre-sowing. This trend, coupled with political issues of the warlord period, contributed to the economic instability which occurred during the winter of 1928, causing high inflation, bankruptcy of a large number of companies, dozens of demonstrations of workers' strikes, and also the over-issuance of currency in the region.

The second finding is related to the monetary diversity in the region. This diversity was especially related to the seasonality of production and marketing of soybeans, which was the main economic activity in the early 20th century. This seasonality was distributed in different stages, each located at a market level, between rural and urban areas. Thus, it seems reasonable to say that the diversity of currencies in Manchuria was related to the seasonality of production and commercialization of soybeans.

The last finding reached by this research is related to the relationship among different currencies in circulation. The result suggests that, besides the substitution, competitiveness and complementarity relationships among currencies, there are also duality and neutrality relationships among specific currencies that circulated in Manchuria.